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MOBILITY, HOUSEHOLD CHANGE AND HOUSING

A Study of the Owner-Occupied Sector of the  
Housing Market of Palmerston North  
in 1979

A Thesis Presented in Partial Fulfilment of the Requirements  
for the Degree of Master of Arts in Geography  
at Massey University

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## ABSTRACT

An analysis of the owner-occupied sector of Palmerston North's housing market over the period from January 1979 to December 1979, shows high levels of mobility and household movement. The study provides a conceptual framework to aid understanding of the links between mobility, household change, and housing. It looks at how economic and social forces operative in New Zealand during 1979 influenced the national and local housing markets, describes Palmerston North's housing stock, and proceeds to delineate and map submarkets for the city based on age and value of housing.

Estimates are made of the relative magnitude of the components of household change associated with mobility, including household formation. Data is presented on reasons for moving, and on search and movement patterns of people and households moving into, within and out of Palmerston North City during the year in question. As well, some attempt is made to describe the spatial nature of intra-city movement. The study provides evidence, using the submarket concept, about what types of households have recently been able to move into what kinds of housing. It also considers whether people moving house are "improving" their housing circumstances by doing so. Hints are offered about the types of households which may have less "choice in housing" in the future.

Finally, some implications are drawn about housing outcomes under particular conditions of mobility and population growth, net migration, construction, interest rates

and so forth. Questions are raised about the present decline in the volume of rental housing stock in New Zealand, and about the nature and direction of future governmental policy in the housing sector.

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## CHAPTER 1

### INTRODUCTION AND ORIGINS OF THE PROBLEM

Household movement is a widespread phenomenon in New Zealand, with over 10 percent of individuals changing their residence each year. Residential mobility may be the major means by which households adjust their housing consumption to changes in housing need or demand. However, mobility is a mechanism for achieving adjustments, not just in individual welfare, but in aggregate social and spatial organisation; in other words, it is the way in which new social forces come to be reflected in space.

The following thesis is a study of mobility and household change in their association with housing stock turnover. The setting is the owner-occupied sector of the Palmerston North housing market in 1979. While the primary aim of the research was to compile facts on the magnitude of the various components of the problem, collection and interpretation of the empirical evidence required an adequate conceptualisation of underlying processes operating in the housing system. The framework developed, and the interrelationships revealed, show the central place of mobility and household change in the housing system. They provide hints about how the system is structured at this point in time, what kind of changes are occurring, and how rapidly this is happening. Although the results obtained are to some extent locationally specific, the local setting was found to reflect national trends fairly

accurately, and in fact had little influence on the methods adopted. The generality of the findings is restricted less by the characteristics of the particular urban area studied than by the time scale of the study.

The period chosen for investigation, from January to December 1979, represents a tradeoff between the acquisition of data about "the state of affairs" and the appropriateness of a twelve month snapshot of patently ongoing processes of change. Assumptions about the state of socio-economic change in New Zealand in the late 1970s and early 1980s are an essential backdrop to the study, but inevitably constrain the applicability of the results to the medium run. The power of the conceptual framework as an explanatory device rests on a full knowledge of the trends embodied by the assumptions. Notwithstanding this, the study has validity for temporal and spatial comparisons. It is able to demonstrate the content of change inherent in the housing system, following mobility. As the origins of mobility vary, so will the housing implications, while the relation of the housing system to the wider social system will have an important effect on the housing outcomes resulting from moves.

The processes at work in the housing system in New Zealand are complex, incompletely described, and poorly understood. Not unexpectedly, few facts are available for policy-makers to use in assessing the impact of mobility and household changes upon the housing scene. During the 1970s major changes occurred in New Zealand

society, and by the end of the decade it was evident that most, if not all of the assumptions guiding housing policy should come under scrutiny.

New Zealand housing research in the early 1970s looked chiefly at "housing need", and attempted, by estimating the number and type of future households, as well as assessing the standard of accommodation required and the ability of the housing stock to meet these needs, to define housing goals and objectives. Problems had arisen, however, because of lack of knowledge (and lack of adequate definitions) of the relevant processes operating or about how changes in parameters might affect the system. The prevailing political concern with quantitative targets such as the number of houses built per year had diverted concern from qualitative issues, such as what constituted an "acceptable minimum housing standard". A further framework for research, the "resource or output constraint" approach, sought to explain how the housing system might perform under a range of conditions. This approach does not seem to have been extensively used in New Zealand in the 1970s, but is likely to be much more important in the future, as economic and financial constraints receive increasing emphasis.

The National Housing Commission (NHC) was established in 1974 to sponsor research which might fill some of the gaps in knowledge. Its Five Yearly Report, published in 1978, put forward four main assumptions:

- "1. that every New Zealander has a right to decent housing and that the community as a whole is prepared to accept part of the responsibility

for ensuring that this right is fulfilled;

2. that home ownership is still the goal of the majority of New Zealand households, and will remain so in the foreseeable future;
3. that the social and demographic forces which are the fundamental cause of change in the housing situation develop slowly and are essentially unaffected in the short-to-medium term by changes in general economic conditions; and
4. that the housing market has the ability to satisfy most of the diverse housing needs and aspirations of the majority of people"

(NHC, 1978, 2)

Recent events and fresh information have called even these seemingly straightforward assumptions into question. Although New Zealand society has been noted in recent decades for its emphasis on welfarism and collective consumption, these values coexist uneasily with those of individualism and private enterprise. The policy of emphasising the latter values and reducing the role of the state in the housing arena, for example by the scaling down of the state housing system, raises doubts about the extent of government commitment to improve access to housing. This is especially true at a time when the private rental sector is under pressure, (see later chapters) and given the fact that a proportion of individuals or households will never have the means to own their own home. Research has also questioned the unerring preference for home-ownership by most New Zealand households, (Chapman, 1979; Davey, 1980b; Thorns, 1980a) and suggested that it may be more a function of government



policy and circumstance than of deliberate choice. Social and demographic forces may be developing much more rapidly than in the past, and it is likely that economic conditions have a strong influence on the mobility which enables these forces to be expressed as changes in the size and type of households. As well, the nature of the link between the emergence of housing needs and aspirations and social and demographic (as well as economic) changes has been unclear up till now, as has the quantitative importance of these factors (Davey, 1977; Johnston, 1978; Johnston, 1979). During the late 1970s a reversal of economic prosperity and population increase brought with it unfamiliar conditions of slow growth, which demanded new perspectives and policies, and meant that traditional assumptions were often inapplicable. Equally, summary national and regional statistics available have not yet been able to show how and to what extent household demands, needs, or preferences are catered for by the available housing stock. The assumption that the housing market is able to satisfy the needs and aspirations of the majority of the people is merely that - an unproven assumption.

Areas of information shortfall are also evident in the literature. Research on residential mobility has identified three main reasons for moves. These are changing space needs, inter-city job transfers, and home-ownership aspirations, the latter being significant in particular historical and locational contexts. Ideas about who moves and why, through what kinds of housing are being combined with concepts of choice and constraint,

and less distinction is being made between mobility at different scales. Yet an integrated theory of mobility and its effects on housing and social systems is still lacking. The study of household change, as a part of wider social change, is still very recent. Declining birth rates, high net emigration, changes in the role of women and in the size of families and households, increasing diversity of household types and more complicated life-cycle patterns for individuals are now being observed. Little is known about the stability of some of these changes, or about how alterations in the membership of individual households (primarily connected with mobility) translate into aggregate changes in living and housing circumstances. An enormous amount of work has been done on housing in recent years. Some of it has attempted to explain how the housing market operates through models of demand and supply, filtering, vacancy chains and turnover, but these explanations have been only partial. Concern with constraints, access and choice (as with mobility) is now leading researchers to direct attention to the role of the state in housing and the importance of such factors as ability to accumulate wealth in determining people's housing and social opportunities. This has suggested the need to focus on the way in which the housing market facilitates or constrains shifts in the housing consumption patterns of subgroups.

The present study attempts to fill some of the gaps which are evident in the understanding of the links between mobility and the housing and social systems in New

Zealand. The origin of the problem was National Housing Commission interest in the housing outcomes connected with household formation, one of the components of household change. Doubts had been expressed about the amount and pace of household formation and its housing impacts in this country (Johnston, 1979). In the event, household formation turned out to be less important than expected under the conditions of high emigration prevailing in 1979. It was only one way (albeit an important way) in which households could change as they moved house. The study revealed that changes in housing demand were not dependent solely on rates of household formation, but on the difference between household formation plus immigration and household cessation plus emigration (see Chapter 3 for definitions). The framework developed then, allows a range of conclusions to be drawn about the conditions under which household formation will have major housing outcomes, and how people might behave if significant parameters change, as in altering migration or construction or interest rates. The components of change will be similar in different towns or regions, although their magnitude may vary under different growth conditions. In faster growth areas, such as the larger cities, changes in any of the parameters will be traced through the housing system much more quickly than in smaller towns and slower growth, mainly rural areas, because housing stock turnover is likely to be more rapid.

There had also been a paucity of information about mobility processes in the New Zealand context, and the

extent to which overseas findings might be applicable here had not really been established. Neither had the precise nature of the relation between mobility and housing ever truly been demonstrated. Important by-products of the present study were the collection of a large amount of information about mobility in relation to a New Zealand city, and the compilation of age and value surfaces for the housing stock of Palmerston North. This enabled housing submarkets to be defined for the city, and thus information collected on search patterns and housing outcomes of house purchase, for both inter- and intra-urban movers, was able to be much more meaningfully evaluated.

The fact that the study focused primarily on the owner-occupied sector, as a result of using dwelling sales as a data base, inevitably placed certain restrictions on the investigation. For example, mobility rates are known to be higher in the rental sector (Speare et al, 1974; McCarthy, 1976; Thorns, 1980a) and household change may also be more rapid in that sector, although little evidence is available on this point. However, significant practical advantages were conferred by this limitation. Households were more easily identifiable and traceable and the character of the sector was able to be adequately described. As well, the merits of this approach were evident in that the complexities of the relationships were able to be untangled, and estimates of components, parameters and variables were obtained, without the frequency of change being so great as to confuse rather than

clarify. At the present point in time little is known about the relative magnitudes of components of change within the rental sector, but the relationships sketched in this study are likely to hold for the whole of the housing market.

An important contribution of the present study is that it offers a framework and empirical evidence which bridges the gap between inter-urban and intra-urban traditions found in the geographical literature. The latest publications argue for a synthesis between the two, but do not really show, except from a mobility stance, how this can be done. By virtue of this study's focus on housing, it is forced to handle the duality of process between the two traditions.

The value of this study then, rests on a careful formulation of the processes under scrutiny, the selection of an appropriate part of the housing market for initial investigation, and an extensive field study designed to generate pertinent facts about the total system, and its components, parameters, variables and relationships.

Chapter 2 of the thesis looks at residential mobility, household change and housing studies in greater detail, while Chapter 3 presents definitions and an explanatory framework. The housing scene in New Zealand and Palmerston North in 1979 is then examined briefly in Chapter 4, and a preliminary analysis of sales data for 1979 is undertaken. Chapter 5 considers Palmerston North's housing stock and proceeds to delineate submarket categories. Methods used are described in Chapter 6, and

results of the interviews and mail questionnaires are presented in Chapter 7. Attempts to interpret these results and draw conclusions are made in Chapter 8.